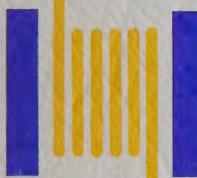


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Industrial Wire & Cable Co. Limited

Annual Report

FOR THE YEAR ENDED MARCH 31st 1964



Industrial Wire & Cable Co. Limited

INDEX RD. TORONTO 18. ONTARIO

DIRECTORS	C. P. Clare P. M. Forand Maxwell Goldhar O. C. Levy H. D. Percy J. G. Torrance G. D. Zimmerman	Chicago, Ill. Plessisville, Que. Toronto, Ont. Baltimore, Md. Oakville, Ont. Toronto, Ont. Nashville, Ont.
OFFICERS	Maxwell Goldhar G. D. Zimmerman H. D. Percy D. C. Cleland	Chairman President Vice-President Secretary-Treasurer
AUDITORS	Price Waterhouse & Co.	Toronto, Ont.
SOLICITORS	Wahn, McAlpine, Mayer, Smith, Creber, Lyons, Torrance & Stevenson	Toronto, Ont.
TRANSFER AGENT	Guaranty Trust Co. of Canada	Toronto, Ont.
MANUFACTURING PLANTS		Toronto, Ont., Quebec, Que., St. Catharines, Ont.
SALES OFFICES		Stellarton, N.S., Quebec, Que., Montreal, Que., Toronto, Ont. St. Catharines, Ont., Winnipeg, Man., Calgary, Alta.

PRESIDENT'S LETTER To The Shareholders

On behalf of the Board of Directors, I am pleased to report on your company's operations for the fiscal year ended March 31, 1964.

Operations

Sales of all major product lines were higher during the year, resulting in an overall increase of 23.5% over last year. Your management and directors feel sales figures should be disclosed as they are of keen interest to the shareholders. However, our competitors have steadfastly maintained a policy of non-disclosure on these statistics and consequently we have again decided that it would not be in the company's best interest to be the only exception in this regard.

We were particularly pleased with the volume of business placed during the winter months which are normally slow periods. The government's program of winter construction incentives was a significant factor in this regard.

Our Quebec City plant came into production mid-way through the year. Having completed the major portion of our new employee training, we are anticipating an increasing volume of sales from this facility.

The equipment modernization program in the Toronto plant, commenced almost two years ago, was largely completed during the last year. The higher production efficiency and greater service capability provided by these improvements is evident in our day to day operations.

Financial Results

The financial statements presented herein present a very gratifying improvement in profits, the result of increased sales and operating efficiencies. The improvement is best indicated by reference to our prior year's results which showed a profit from operations of \$225,709, with a net profit of \$31,017. By comparison our current results show a profit from operations of \$589,005, an increase of 160%, and net profit increased to \$326,232. Earnings per common share based on 1,389,000 shares outstanding increased to 23.4¢ per share from 2.2¢ per share in the prior year.

Very significant capital expenditures and debt reductions were made during the year, however, working capital was maintained at the prior year's level.

Refinancing

Your management was particularly pleased to conclude a plan for refinancing the 6% convertible debentures in the amount of \$2,500,000. These have been re-negotiated in a manner advantageous to both the debenture holders and the company. Under the revised arrangements the debentures will be interest free through to maturity. The convertibility feature will apply only on \$500,000 which will be convertible at \$1 per share during the year commencing 1971. In consideration of these concessions to your company, the debenture holders will receive faster repayment. An initial instalment of \$200,000 was paid in December, 1963 and this rate of repayment will continue annually until 1972, at which point the balance outstanding of \$500,000 will be paid, or alternatively will be converted into shares in whole or in part. The cash flow of the business appears entirely adequate to service the faster debt repayment. The elimination of interest reflects an after-tax saving of almost a million dollars throughout the term of the debentures.

Bell Telephone

Our concern over the unfair competitive situation arising out of the Bell Telephone-Northern Electric association is shared by an increasing number. Our objection is, and always has been, that Bell, a privately owned monopoly, is assured of profitable operations because of existing regulatory policy with regard to rates. However, at the same time, Bell through Northern competes directly with private enterprise which enjoys no such privilege or protection.

Our national security as well as the right to commercial secrecy are also involved. Elsewhere in Canada and in most other countries of the world, telephone communications are considered the responsibility of the government and are accorded the same privacy and security as the postal service.

Acquisitions

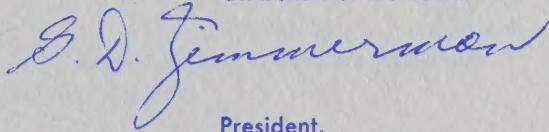
We are pleased to report the successful acquisition of the Hardware Division of Hayes Steel Products Limited. Hayes was one of the early pioneers in the field of transmission, poleline, industrial and marine hardware. They have established a name well known in the utility and electrical construction business, areas in which we are already deeply involved. The addition of poleline and transmission hardware to our product line of wire and cable is a logical extension to our marketing service. This expansion will utilize our administrative, technological and marketing capabilities. In the acquisition we have acquired manufacturing equipment, inventories, designs and tooling necessary to manufacture a broad line of electrical and industrial hardware items. These operations are being carried on in a wholly-owned subsidiary, Industrial Cable Accessories Limited. The consolidated accounts reflect the operation of this subsidiary since February 1, 1964.

Outlook

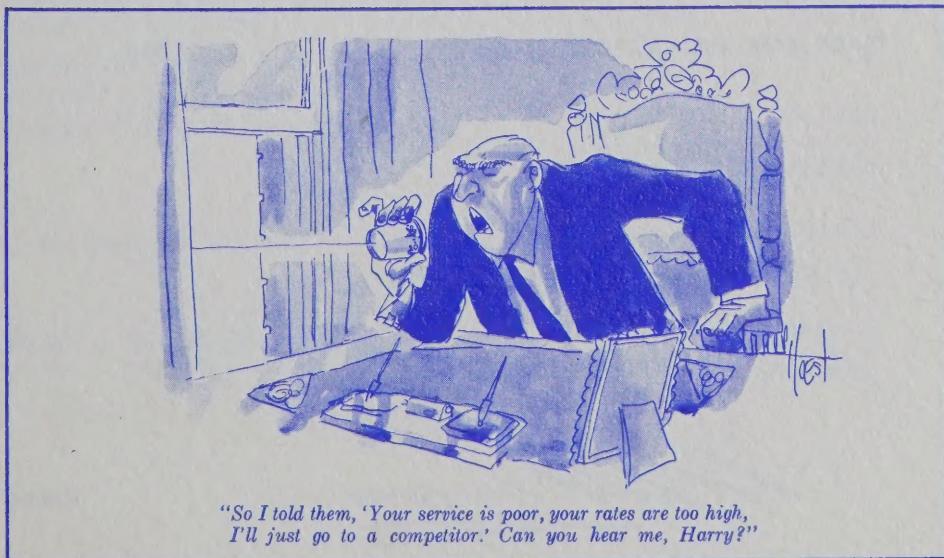
The present industrial climate in Canada augers well for our prospects for the coming year. The benefits of our modernization program and plant expansion should contribute their full share to future operations. Your directors feel they have every reason to be optimistic during 1964 and look forward to further improvements in the earnings picture.

Your directors wish to extend to all employees their sincere appreciation for another year's efforts on behalf of your company.

On behalf of the Board



President.



"So I told them, 'Your service is poor, your rates are too high,
I'll just go to a competitor.' Can you hear me, Harry?"

INDUSTRIAL WIRE
AND CONSOLIDATED

CONSOLIDATED

ASSETS

	<u>March 31</u>	
	<u>1964</u>	<u>1963</u>
CURRENT ASSETS:		
Accounts receivable, less allowance for doubtful accounts	\$ 824,661	\$ 564,995
Inventories, at the lower of cost or market	2,244,817	1,768,527
Investment in subsidiary company not consolidated (Note 1)	52,374	37,266
Prepaid expenses and deposits	67,570	34,502
	<hr/>	<hr/>
	3,189,422	2,405,290
FIXED ASSETS, at cost:		
Land	206,291	206,291
Buildings, machinery and equipment	3,035,338	2,682,461
	<hr/>	<hr/>
	3,241,629	2,888,752
Less — Accumulated depreciation	925,600	706,097
	<hr/>	<hr/>
	2,316,029	2,182,655
TRADE MARK AND LICENCES, at cost		
	25,000	—

APPROVED ON BEHALF OF THE BOARD:

S. D. Jamieson
Director

H. G. O. Grey
Director

\$5,530,451 \$4,587,945

See accompanying

BLE CO. LIMITED

SUBSIDIARIES

ANCE SHEET

LIABILITIES

	March 31	
	<u>1964</u>	<u>1963</u>
CURRENT LIABILITIES:		
Bank advances (secured)	\$ 317,025	\$ —
Accounts payable and accrued liabilities	840,220	616,523
Taxes payable	97,062	59,485
Current instalments on long term liabilities	250,000	50,000
	1,504,307	726,008
CUSTOMERS' DEPOSITS ON REELS	128,820	108,160
LONG-TERM LIABILITIES (Note 2)	2,405,000	2,775,000
	4,038,127	3,609,168

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3):

5% cumulative redeemable non-voting preference shares, par value \$10 each —		
Authorized — 33,070 shares		
Issued — 1,124 shares	11,240	14,990
Common shares, no par value		
Authorized — 4,000,000 shares		
Issued — 1,389,000 shares	1,851,940	1,663,500
	1,863,180	1,678,490
DEFICIT, per statement attached	370,856	699,713
	1,492,324	978,777
	\$5,530,451	\$4,587,945

INDUSTRIAL WIRE & CABLE CO. LIMITED
AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	<u>Year ended March 31</u>	
	<u>1964</u>	<u>1963</u>
Profit from operations before the undernoted charges	\$589,005	\$225,709
Add:		
Adjustment of valuations on returnable reels	—	38,422
	<u>589,005</u>	<u>264,131</u>
Deduct:		
Depreciation	224,641	211,711
Bond and note interest	18,132	21,403
Write down of investment in a subsidiary company (Note 1)	20,000	—
	<u>262,773</u>	<u>233,114</u>
Net profit for the year (Note 4)	<u>\$326,232</u>	<u>\$ 31,017</u>

CONSOLIDATED STATEMENT OF DEFICIT

	<u>Year ended March 31</u>	
	<u>1964</u>	<u>1963</u>
Deficit, at beginning of year	\$699,713	\$730,730
Deduct:		
Net profit for the year	326,232	31,017
Discount on preference shares purchased for cancellation	2,625	—
	<u>328,857</u>	<u>31,017</u>
Deficit, at end of year	<u>\$370,856</u>	<u>\$699,713</u>

See accompanying notes to financial statements

INDUSTRIAL WIRE & CABLE CO. LIMITED
AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1964

1. SUBSIDIARY COMPANY NOT CONSOLIDATED:

The accounts of a wholly-owned subsidiary company have not been consolidated since it has ceased operations and is winding up its affairs. The investment in this subsidiary has been written down to the amount which it is expected will be realized on the completion of the winding up during the next fiscal year.

2. LONG-TERM LIABILITIES:

5 3/4 % First Mortgage Bonds, Series A, payable \$50,000 annually to July 1, 1969	\$ 275,000
5% Note payable January 31, 1966	80,000
Debentures (non-interest bearing) —	
Series A, payable not less than \$200,000 annually to December 1, 1970, and balance December 1, 1971	1,800,000
Series B, payable December 1, 1971, convertible into common shares of the company between December 1, 1970 and December 1, 1971 at the rate of one share for each \$1 principal amount of debentures	500,000
	<hr/>
Deduct — Instalments due within one year included in current liabilities	2,655,000
	<hr/>
	250,000
	<hr/>
	\$2,405,000
	<hr/>

In addition to the First Mortgage Bonds, Series A, \$500,000 First Mortgage Bonds, Series B, have been issued as collateral security for bank advances. The company has covenanted under the trust indenture not to pay any cash dividends, reduce its capital or make any principal payments on the Series A Debentures or the Series B. Debentures, unless after making such payments current assets exceed current liabilities by at least \$1,000,000.

The \$2,500,000 6% Convertible Debentures outstanding at March 31, 1963 were exchanged on November 29, 1963 for \$2,000,000 Series A Debentures and \$500,000 Series B Debentures and on December 1, 1963 a principal payment of \$200,000 was made on the Series A Debentures.

3. CAPITAL STOCK:

As part of the arrangement whereby the 6% Convertible Debentures were exchanged for non-interest bearing Series A and Series B Debentures (see note 2 above) 185,000 common shares were issued on November 29, 1963 for a cash consideration of \$1 per share. Under the terms of the Stock Option Plan 4,000 common shares were issued to officers during the year for \$3,440.

Of the authorized and unissued common shares, 500,000 shares are reserved for possible conversion of Series B Debentures between December 1, 1970 and December 1, 1971 and 56,000 shares are reserved for options granted in 1962, under the Stock Option Plan, at a price per share equal to 82% of the market value at date of grant. As at March 31, 1964 options on 18,800 shares were exercisable, options on a further 18,600 shares are exercisable in 1965 and on the remaining 18,600 shares in 1967.

During the year 375 preference shares were purchased for cancellation. At March 31, 1964 the cumulative dividends in arrears on the balance of the preference shares amounted to \$1,885.

4. INCOME TAXES:

As a result of losses carried forward from prior years for tax purposes, no income taxes are payable on the net profit for the years ended March 31, 1964 and 1963.

Auditor's Report to the Shareholders of
INDUSTRIAL WIRE & CABLE CO. LIMITED:

We have examined the consolidated balance sheet of Industrial Wire & Cable Co. Limited and consolidated subsidiaries as at March 31, 1964, and the consolidated statements of profit and loss and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and deficit present fairly the financial position of the companies as at March 31, 1964, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, May 11, 1964

Price Waterhouse & Co.
Chartered Accountants.

**INDUSTRIAL WIRE & CABLE CO. LIMITED
AND CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED MARCH 31, 1964**

SOURCE OF FUNDS:

Net profit for the year	\$326,232
Add — Depreciation not requiring an expenditure of funds	<u>224,641</u>
	\$550,873
5% note issued	80,000
Common stock issued	188,440
Increase in customers' deposits on reels	<u>20,660</u>
	839,973

APPLICATION OF FUNDS:

Invested in plant and equipment	358,015
Bond and debenture payments	250,000
Increase in current instalments on long-term liabilities	200,000
Trade-mark and licences	25,000
Preference shares purchased for cancellation	<u>1,125</u>
	834,140

RESULTING IN AN INCREASE OF WORKING CAPITAL OF

\$ 5,833

